

CHAPTER 158

BANKS. DEPOSITORS' AGREEMENTS OR WAIVERS

H. F. 588

AN ACT to amend house file number 541, enacted by the forty-fifth general assembly of Iowa, relating to the authorization of public bodies in signing depositors' agreements with banks and trust companies.

Be it enacted by the General Assembly of the State of Iowa:

1 SECTION 1. That house file number 541, enacted by the forty-fifth
2 general assembly of Iowa, be amended as follows: Insert in line 17
3 of section 1, following the words "private bank" the following:
4 "or any national bank whose deposit liability has been assumed by
5 a state bank, savings bank or trust company or private bank".

1 SEC. 2. This act being deemed of immediate importance shall be
2 in full force and effect after its passage and publication in the Mus-
3 catine Journal, a newspaper published at Muscatine, Iowa, and in the
4 Tipton Conservative, a newspaper published at Tipton, Iowa.

House File No. 588. Approved April 24, 1933.

I hereby certify that the foregoing act was published in the Muscatine Journal, April 27, 1933, and the Tipton Conservative, April 27, 1933.

MRS. ALEX MILLER, *Secretary of State.*

CHAPTER 159

BANKS. PROVISIONS FOR REORGANIZATION AND PROTECTION OF DEPOSITORS

S. F. 483

AN ACT to provide for the reorganization of savings banks, state banks, private banks and trust companies and in connection therewith for the issuance of trust certificates and for the setting aside of assets in an amount equal thereto; prescribing the rights of the holders of such trust certificates and authorizing the governing boards of taxing districts to accept the same; providing for the retirement of such trust certificates; and repealing conflicting laws or parts of laws.

Be it enacted by the General Assembly of the State of Iowa:

1 SECTION 1. That before any savings bank, state bank, private bank
2 or trust company shall attempt to reorganize or take waivers or de-
3 positors' agreements from its depositors, the banking department
4 shall make an examination of said bank and shall determine, with
5 the approval of the governor, what can and should be required to be
6 paid by the officers, directors, and stockholders of said bank or trust
7 company and no waivers or depositors' agreements shall be taken
8 until the amount so required shall have been paid in full in cash or
9 in other securities to be approved by the governor and the superin-
10 tendent of banking to the bank or trust company. Any stockholder
11 paying an amount equal to the sum so required shall be released
12 thereby from any further liability, statutory or otherwise, on the
13 stock held by him, to the extent of the amount so paid by him. Pro-
14 vided, however, that the banking department shall, with the approval

15 of the governor, have the right to waive or modify any of the provi-
16 sions or requirements of this act where a bank is not to resume or
17 continue banking operations, and where waivers or depositors' agree-
18 ments are taken as a part of a plan for reorganizing and/or liquidat-
19 ing such bank.

1 SEC. 2. Banks or trust companies now operating on waivers or
2 depositors' agreements heretofore taken shall be subject to and come
3 within the provisions of this act. Except that no unexpired waivers
4 or depositors' agreements between such banks or trust companies
5 and their depositors shall be abrogated hereby.

1 SEC. 3. Before waivers or depositors' agreements are taken as
2 herein provided, the superintendent of banking may authorize the
3 bank to set aside a percentage of its assets to be determined by him
4 and which may be regarded as slow or doubtful and to segregate the
5 same. The superintendent of banking shall determine, with the ap-
6 proval of the governor, the percentage of deposits that may be waived
7 and shall authorize the issuance of trust certificates in said bank to
8 an amount equal to said assets so set aside and deposits waived and
9 the delivery of such trust certificates to depositors whose deposits
10 exceed ten dollars (\$10.00) in such bank in proportion as their de-
11 posits are to such segregated assets and waived deposits. A dividend
12 shall be declared at the end of each year covering the entire net earn-
13 ings of the bank and the earnings of and collections from the segre-
14 gated assets, which dividend shall be applied prorata to the payment
15 of outstanding certificates of trust as herein provided, no dividends
16 on any common stock in such bank shall be paid as long as any trust
17 certificates are outstanding, unless otherwise agreed upon between
18 such bank or trust company and a majority of the depositors holding
19 direct, unsecured and unpreferred obligations of such bank in excess
20 of ten dollars (\$10.00) each, and totaling in the aggregate amount
21 seventy-five per cent (75%) of the direct, unsecured and unpreferred
22 obligations, and approved by the superintendent of banking. Such
23 certificates shall be preferred in earnings and have preference in
24 liquidation only over the common stock of said bank.

1 SEC. 4. All trust certificates issued under the provisions of this
2 act shall have preference and priority on all of the assets of the bank
3 ahead of the rights of the holders of the common stock, and shall be
4 paid in full before the common stockholders shall be entitled to any
5 dividends or profits, unless otherwise agreed upon between such bank
6 or trust company and a majority of the depositors holding direct,
7 unsecured and unpreferred obligations of such bank in excess of ten
8 dollars (\$10.00) each, and totaling in the aggregate amount seventy-
9 five per cent (75%) of the direct, unsecured and unpreferred obliga-
10 tions, and approved by the superintendent of banking.

1 SEC. 5. Where trust certificates are issued pursuant to section 3
2 of this act, the holders of such certificates in event of the distribution
3 of assets of the bank, shall have a claim ahead of common stock-
4 holders or depositors against any assets of said bank which have been
5 segregated for the protection of such trust certificates.

1 SEC. 6. The trust certificates issued under the provisions of this
2 act shall be nonassessable and nontaxable.

1 SEC. 7. Any county, city, town, township, or school district by its
2 governing board, at the board's discretion, may accept the trust cer-
3 tificates authorized in this act for their deposits in any bank issuing
4 the same. The state may so agree through the executive council to
5 accept the trust certificates provided for in this act.

1 SEC. 8. The acceptance of such trust certificates by public bodies
2 shall not be a waiver of their right to participate in the state sinking
3 fund for public deposits. In event of receivership or bankruptcy, the
4 unpaid balance of any trust certificate held by any such public body
5 shall be construed as a depositor's claim of such public body in accord-
6 ance with the provisions of chapter 352-A1 of the 1931 code of Iowa.

1 SEC. 9. If the treasurer of any public body has duly and regularly
2 deposited money in such bank, then after the reorganization, reopen-
3 ing or consolidation of said bank, he shall only be held to account for
4 such amount of the deposit as remains on deposit in such bank after
5 reorganization, reopening or consolidation, irrespective of whether
6 such trust certificates as provided herein, have been accepted by the
7 public body or not.

1 SEC. 10. If a majority of the depositors, holding direct, unsecured
2 and unpreferred obligations of such bank in excess of ten dollars
3 (\$10.00) each, and totalling in the aggregate amount seventy-five per
4 cent (75%) of the direct, unsecured and unpreferred obligations, shall
5 agree to come within the provisions of this act by accepting trust
6 certificates as herein provided, then, and in that event, all of the
7 depositors of such bank are bound thereby.

1 SEC. 11. Banks coming within the provisions of this act shall retire
2 the trust certificates issued hereunder prorata through the earnings
3 of and the collections from the segregated assets and the net earnings
4 of said bank as hereinbefore provided or agreed upon under the provi-
5 sions of this act.

1 SEC. 12. Until all trust certificates issued as provided herein, have
2 been paid off and liquidated in full, no salary shall be paid to any
3 officer, director, or employee unless first approved by the superintend-
4 ent of banking and the governor of the state of Iowa, unless otherwise
5 agreed upon between such bank or trust company and a majority of
6 the depositors holding direct, unsecured and unpreferred obligations
7 of such bank in excess of ten dollars (\$10.00) each, and totaling in
8 the aggregate amount seventy-five per cent (75%) of the direct,
9 unsecured and unpreferred obligations, and approved by the superin-
10 tendent of banking.

1 SEC. 13. In the construction of this act, the provisions hereof,
2 whenever in conflict with any previous existing law, shall be given
3 preference in order to carry out the intent and purpose of this act,
4 and all acts or laws or parts of acts or laws in conflict with this act
5 are hereby repealed.

1 SEC. 14. This act, being deemed of immediate importance, shall
2 take effect and be in full force from and after its publication in
3 , a newspaper published at , Iowa,
4 and in , a newspaper published at ,
5 Iowa.

Senate File No. 483. Approved April 11, 1933.

I hereby certify that the foregoing act was published in the Centerville Iowegian, April 12, 1933, and the Davenport Democrat, April 12, 1933.

MRS. ALEX MILLER, *Secretary of State.*

Note: Centerville Iowegian and Davenport Democrat selected in accordance with section fifty-five (55), code, 1931.

CHAPTER 160

BANKS. REORGANIZATION, STOCKHOLDER'S LIABILITY, TRUST CERTIFICATES
AMENDATORY TO SENATE FILE 483

H. F. 602

AN ACT to amend the law as it appears in senate file number 483, as enacted by the forty-fifth general assembly, relating to banks and banking, providing for the reorganization of savings banks, state banks, private banks and trust companies and in connection therewith for the issuance of trust certificates and for the setting aside of assets in an amount equal thereto; providing for credit on stockholders' statutory liability; prescribing the rights of the holders of such trust certificates and authorizing the governing boards of taxing districts to accept the same; providing for the retirement of such trust certificates; and repealing conflicting laws or parts of laws.

Be it enacted by the General Assembly of the State of Iowa:

1 SECTION 1. That the law as it appears in section one (1) of senate
2 file number 483, as enacted by the forty-fifth general assembly, be
3 amended by striking from said section the words "Any stockholder
4 paying an amount equal to the sum so required shall be released there-
5 by from any further liability, statutory or otherwise, on the stock
6 held by him to the extent of the amount so paid by him." and by
7 substituting in lieu thereof the following: "Any stockholder, or
8 assignee of such holder, upon paying an amount equal to the sum so
9 required, may present his certificate or certificates of stock to the
10 superintendent of banking, who shall endorse thereon the amount so
11 paid, and thereupon the holder of such stock, or those claiming by,
12 through or under such holder by sale, transfer, assignment or other-
13 wise, shall thereafter be released from any further liability, statutory
14 or otherwise, on such stock or any reissue thereof, to the extent of
15 the amount so paid and endorsed thereon."

1 SEC. 2. That the law as it appears in section three (3) of senate
2 file number 483, as enacted by the forty-fifth general assembly, be
3 amended by striking from said section the words, "The superintendent
4 of banking shall determine, with the approval of the governor, the
5 percentage of deposits that may be waived and shall authorize the
6 issuance of trust certificates in said bank to an amount equal to said
7 assets so set aside and deposits waived and the delivery of such trust
8 certificates to depositors whose deposits exceed ten dollars (\$10.00)
9 in such bank in proportion as their deposits to such segregated assets
10 and waived deposits" and by substituting in lieu thereof the follow-
11 ing: "The superintendent of banking shall determine, with the ap-